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Soviet Energy

With hindsight's advantage, it is not surprising that the Central Intelligence Agency has now substantially increased its estimate of Soviet oil production. After all, the Soviet Union was and is the largest oil producer in the world — and the third-largest exporter. Soviet oil production set a world record in March, according to Oil & Gas Journal, climbing to 12.2 million barrels a day. By contrast, Saudi Arabia is now said to be producing 10.2 million barrels daily.

When the CIA four years ago predicted that Soviet output would drop sharply — perhaps to 8 million barrels daily — the data seemed authentic and the implications ominous. The report influenced foreign policy analysis. When the Soviets invaded Afghanistan in late 1979, Carter administration officials speculated that oil was one of the lures, as did others. Similarly, Defense Secretary Caspar W. Weinberger recently said that the Soviets "will almost certainly become a net energy importer" in the 1980s and that the Gulf area "is and will be the fulcrum of contention for the foreseeable future."

Now that the CIA has taken another look, the obvious question is whether the agency might be wrong again. Why should one analysis having such strategic importance be more trustworthy than another?

The Harvard report, *Energy and Security*, suggests that the answer may have more to do with the inefficiencies of Soviet society than with a shortage of energy resources. Soviet technology is outmoded — engineers have had difficulty sustaining output in many older wells. Waste has been encouraged by rigid planning dicta. Conservation efforts lag. Energy prices are unrealistically low, and export prices remain below the world level. Oil & Gas Journal reported last winter that the U.S.S.R.'s oil ministry was under attack for neglecting oil exploration in western Siberia, and for too-rapid exploitation of some of the biggest fields.

But such things may change, and in fact

are changing. Foreign firms — with modern technology — are taking an increasing part in joint ventures. When the U.S. delayed licensing a gas-lift system, the Soviets turned to the French. A Japanese-American-Soviet group has found petroleum and gas off the shore of Sakhalin Island. The Soviets are actively developing nuclear energy. And more important than all of this, the Soviet Union has other resources, such as the largest natural gas reserves in the world.

Things are changing, too, the authors of the Harvard study suggest, because Soviet leaders have become increasingly alarmed at the possibility of an energy crisis. Marshall I. Goldman, associate director of Harvard's Russian Research Center, has pointed out that the 1977 CIA study may itself have prodded Moscow, a most unwitting CIA favor if true; he has called that report a "self-defeating prophecy."

In one sense, all news on this subject is bad news. A energy-independent Soviet Union is a more powerful adversary. But it is probably more in the West's economic and political interest to have the Soviets setting oil production records than otherwise. Finland, Iceland and Austria are among the noncommunist countries which rely directly on Soviet exports. Yet in a larger sense, the amount of oil produced by any country, communist or not, affects the entire world oil market. The more oil produced, the more stable the market.

Energy independence will not remove the Soviets from the Persian Gulf. They undoubtedly have many reasons to be interested in the flow of Middle East oil to the West — among them the dependence of the West on the region. But an aggressive geopolitical strategy, which the Soviets pursue, is not the same as a "vital interest," which the Persian Gulf represents to the West. The CIA's revisions suggest the importance of that distinction. It is the difference between a dangerous game of chess and a collision course.